GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:1605
ANSWERED ON:24.11.2016
Fair Competition among Private DISCOM
Choudhary Shri Ram Tahal;Vasava Shri Mansukhbhai Dhanjibhai

Will the Minister of POWER be pleased to state:

(a) whether fair competition has been ensured for engagement of private power distribution companies under the Electricity Act, 2003;

(b) if so, the details thereof;

(c) the steps taken/proposed to be taken by Union Government to give license to at-least three private power distribution companies in an area to ensure competitiveness among private power companies which is the basic principle of privatisation under Electricity Act, 2003; and

(d) if so, the details thereof?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) FOR POWER,
COAL, NEW & RENEWABLE ENERGY AND MINES

(SHRI PIYUSH GOYAL)

(a) & (b) : Under 6th proviso of Section 14 of the Electricity Act, 2003, the Appropriate Commission may grant a licence to two or more persons for distribution of electricity through their own distribution system within the same area subject to certain conditions. The Appropriate Commission also regulates activities of the distribution licensee, including tariff determination for retail consumers. As per available information, presently multiple licensees are operating in Mumbai, Maharashtra.

(c) & (d) : To discourage monopoly of a single company and to provide fair competition and for giving choice to consumers through competition in the retail sale of supply, the Electricity (Amendment), Bill 2014 introduced in the Lok Sabha on 19th December, 2014 provides multiple supply licensees in a specified area whereas the distribution system shall be with the distribution licensee of that area.

Further, to protect the interest of consumers, the tariff for retail sale of electricity is proposed to be capped through the Regulator and one of the supply licensees is proposed to be a Government controlled company.

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